

Message Text

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PAGE 01 LIMA 01973 012253Z

63

ACTION ARA-10

INFO OCT-01 EA-07 ISO-00 SS-15 NSC-05 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

PA-01 PRS-01 L-03 H-02 IO-11 EUR-12 /110 W

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R 012223Z MAR 76

FM AMEMBASSY LIMA

TO AMEMBASSY LONDON

INFO SECSTATE WASHDC 9084

AMEMBASSY MANILA

C O N F I D E N T I A L L I M A 1 9 7 3

EO 11652: GDS

TAGS: AFIN, EAID, PE

SUBJECT: ALLEGED REFUSAL OF LOAN TO GOP

1. A USUALLY RELIABLE SOURCE HAS INFORMED EMBASSY THAT A LONDON COMMERCIAL BANK DECIDED NOT TO AUTHORIZE A LOAN OF \$25 MILLION PERU BECAUSE OF SPEECH MADE BY FOREIGN MINISTER DE LA FLOR AT THE MANILA CONFERENCE OF GROUP OF 77 IN WHICH HE SUGGESTED THAT DEBTS OF CERTAIN LDCS BE SUBJECT OF A PAYMENTS MORATORIUM. ACCORDING TO THIS SOURCE THE BANK, LAZARD BROTHERS AND CO. LIMITED, WAS FAVORABLY CONSIDERING A LOAN TO PERU FOR \$25 MILLION TO COVER THE LOCAL COSTS OF THE MAJES IRRIGATION PROJECT IN SOUTHERN PERU (IN WHICH A BRITISH COMPANY IS INVOLVED WITH OTHER FOREIGN CONTRACTORS). FOLLOWING GENERAL DE LA FLOR'S SPEECH IN MANILA, THE BANK IS REPORTED TO HAVE TURNED DOWN THE LOAN REQUEST SPECIFICALLY BECAUSE OF THE MANILA SPEECH.

2. IF THE REPORT IS CORRECT, THIS WOULD BE THE FIRST DIRECT ACTION WHICH HURTS PERU AS A RESULT OF THE FOREIGN MINISTER'S SPEECH. IN THE CURRENT BALANCE OF PAYMENTS CRISIS, A LOAN FOR LOCAL CURRENCY EXPENDITURES WOULD HAVE

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PAGE 02 LIMA 01973 012253Z

BEEN PARTICULARLY HELPFUL TO PERU. THE MINISTER'S STATE-

MENT MAY HAVE ALSO MADE IT MORE DIFFICULT FOR PERU TO
OBTAIN FINANCIAL ASSISTANCE FROM OTHER COMMERCIAL BANKS,
BUT THIS IS THE FIRST INDICATION OF AN ACTUAL TURN-DOWN
BASED ON THE SPEECH.

3. COMMENT: IT SHOULD BE NOTED THAT DE LA FLOR SPECIFICALLY
CALLED FOR CONSIDERATION OF A DEBT MORATORIUM FOR THE MOST
SERIOUSLY AFFECTED, NOT ALL LDCS. HOWEVER, LOCAL BANKERS
AND OTHERS HAVE INTEPRETED SPEECH TO INCLUDE PERU, ALTHOUGH
FOREIGN MINISTRY OFFICIALS MAINTAIN TO US THAT SPEECH WAS
NOT INTENDED TO APPLY TO PERU. ANY INFORMATION DEVELOPED
BY LONDON ON THIS MATTER WOULD BE APPRECIATED.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK LOANS, DEBT REPAYMENTS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA01973
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760078-0470
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197603108/aaaadrjz.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ifshinsr>; APPROVED <10 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALLEGED REFUSAL OF LOAN TO GOP
TAGS: AFIN, EAID, EFIN, PE, LAZARD BROTHERS & CO LTD, (DE LA FLOR VALLE, MIGUEL)
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006